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SUBJECT: USG-GOB COMMERCIAL DIALOGUE: CONTINUING A STRONG FORWARD
MOMENTUM

11. Summary: The reporting session of the third meeting of the U.S.-Brazil Commercial Dialogue, an hour-long event held October 10, 2007 in Brasilia, Brazil, was a positive and productive example of current USG-GOB bilateral cooperation. Visiting U.S. Secretary of Commerce, Carlos Gutierrez and Brazilian Minister of Development, Industry and Commerce (MDIC), Miguel Jorge, both expressed satisfaction with the consultative mechanism's progress to date and listened to accomplishments and future objectives from working group members present. Approximately 20 people attended for each side, with additional spectators in the room. Each side touted progress achieved in the past year, and favorably referred to their interactions leading up to Gutierrez's visit. The meeting delineated future plans for collaboration on everything from business facilitation, intellectual property rights, customs facilitation, cooperation in services and information exchange, franchising, fostering venture capital and private equity investments, developing new international standards for biofuels as well as cooperation and training for two-way trade promotion focusing on a variety of industries including energy, aerospace and defense and medical devices, as well as information and communications technology. Brazil's Development, Industry and Commerce Minister Jorge stressed the positive bilateral relationship the Dialogue is helping to foster. He noted that while trade flows are up, representing US\$50 billion per year, this level is "still short of what we can expect in the future." That said, he opined that the Dialogue was already achieving more than President Bush and President Lula ever had imagined. Jorge also emphasized the social and political multiplier effects that such collaboration has. Secretary Gutierrez thanked the US and GOB interlocutors for their

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effort, time and commitment to the Dialogue, discussing its impact on not just our two countries, but also throughout the region, hemisphere, and the world. He echoed Jorge's positive comments, saying that the Dialogue has thus far exceeded his expectations, not just in terms of increased trade and participation, but with the added benefit of having evolved from an exchange into a "real friendship." End Summary.

Patent and Trademark Cooperation

12. Margaret J.A. Peterlin, Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the Patent and Trademark Office (USPTO), and Jorge Avila, head of Brazil's counterpart, the National Institute for Industrial Property (INPI), discussed three areas that had been the focus of their successful bilateral work under the Commercial Dialogue: helping to achieve automation in the patent and trademark application and examination processes, capacity building and substantive training, and outreach. With regard to capacity building and training, 78 Brazilian intellectual property officials have trained at the USPTO's Global

Intellectual Property Academy or via digital videoconferences (DVCs) during the past year. Regarding automation, USPTO provided INPI with guidance on its automated trademark application and examination system; this past year, INPI established an on-line electronic trademark application system of its own.

13. Peterlin and Avila highlighted several new joint initiatives planned for the coming year. These include: training in the field of biotechnology and semiconductors, sharing information on US and Brazilian special retrieval systems, exchanging new examiner training modules and materials, and sharing reports on quality assessment processes for new patent applications. Regarding quality assessment processes, Peterlin noted that 80 to 90 percent of new patent applications filed in the U.S. are rejected upon first-filing because such applications are either incomplete or of poor quality. In this respect, the goal of this initiative would be to identify and implement quality assessment processes in Brazil to be able to determine similar problems in their first review, and thus reduce the backlog for applications that do merit approval. In addition, they noted plans to conduct public outreach through Intellectual Property Awareness Campaign (IPAC) road shows in Brazil, in which USPTO would hold seminars discussing how to protect intellectual property rights in the U.S.

Business Facilitation

14. David Bohigian, the Commerce Department's Assistant Secretary for Market Access and Compliance, referred to the strong cooperation in business facilitation, saying that the USG and GOB are working together to reduce drastically last year's World Bank statistic of 152 days to register a business in Brazil, with the goal of a one-stop, 15-day registration process. On customs facilitation, Bohigian said Brazil is poised to make significant progress in the next few months, with the projected launch of an electronic, totally automated, paperless system for the processing of express

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consignments. He highlighted the extensive cooperation and technical exchanges between DOC and MDIC on services statistics, and noted a continued interest in working together on tourism statistics. He reported that both governments welcomed the addition of remanufacturing to the Commercial Dialogue, noting that it was an area ripe for significant discussion and improvement. Bohigian welcomed the presence of ANVISA, the Brazilian medical device regulator, at the meeting, saying that Commerce and ANVISA hoped to achieve cooperation in the months ahead. He complimented the Embassy on working hard to reduce the number of days to issue visas.

15. Bohigian's counterpart, Mauricio Lucena do Val of the Department of Commercial and Services Policies and the Dialogue's Business Facilitation Group Coordinator, agreed with Bohigian's assessment with minor additions. He expressed Brazil's "bewilderment" at the recent statistics presented by the World Bank on business facilitation, and indicated that the GOB would like to amend legislation that imposes extra steps. He mentioned the relevance of the Commercial Dialogue to the Ministry of Tourism, ANVISA, and IBGE, among other organizations, and said that the Dialogue's "extremely positive results" can be shown by the increasing accession of other government ministries and entities to the discussions. He further discussed the idea of developing best practices within that group of ministries on health, environmental protection, and other important issues. On another customs facilitation issue, Brazil reported to the USG immediately prior to this meeting that Brazil's Customs and Internal Revenue Service (Receita Federal) was prepared to move forward on the ATA Carnet, taking internal steps that it would hoped would lead to Brazil's accession to the Istanbul Convention.

Export and Investment Promotion

16. Fabio Faria, Director of the Department of Planning and

Development of Foreign Trade and the Dialogue's Export and Investment Promotion Group Coordinator, talked about the strengthened ties that the Dialogue is creating. More than two thousand Brazilians visited the United States to participate in trade fairs in the last year as a result of joint promotion by MDIC and the US Commercial Service, Faria said. This was a deliverable from the first Commercial Dialogue. For this third session of the Commercial Dialogue, the Export and Investment Promotion working group discussed and developed a work plan to implement an MOU between the Associacao Brasileira de Franchising (Brazilian Association of Franchising), ABF, and its U.S. counterpart IFA. The Group is working on a white paper that contains market information and best practices on franchising worldwide to promote franchising in both Brazil and the United States. In addition, the Group highlighted the "Institutional Investment Learning Journey" as a deliverable, during which 10 U.S. representatives from pension funds and endowments visited Brazil to learn more about investment opportunities. The group also plans to target between three and five industry sectors for coordinated trade show promotion in the United States and Brazil using online web seminars, among other tools. Other training opportunities, such as identifying priority states on both sides for investment, fostering partnerships, and conducting a customs workshop in Brazil for US Commercial Service staff, were mentioned as future collaboration possibilities. Finally, a Venture Capital Task Force will be formed as part of a new Entrepreneurship and Private Equity work plan. Commerce's ITA will work with ABDI to organize a one-day venture capital workshop in March, 2008 and a Venture Capital Forum by May of 2008. Faria characterized this portion of the Dialogue as a "promising and ambitious agenda."

Measurements and Standards

17. Dr. Willie May, Director of Commerce's National Institute of Standards and Technology (NIST), outlined collaborative efforts with Brazil's counterpart agency, the Instituto Nacional de Metrologia, Normalizacao, e Qualidade Industrial (INMETRO), during the past year, particularly on biofuels. NIST and INMETRO have started taking positive steps toward defining measurements and standard variances, with the goal of the commoditization of biofuels. The two organizations had a productive meeting in Rio de Janeiro, and then expanded it to a larger meeting in the U.S., in which 20 countries participated. The end result was a tripartite agreement with the European Union to try to harmonize biofuels standards and provide mutual verification. Depending on what kind of source was being used, a "chemical fingerprint" can be ascertained, along with source IDs based on isotopic indicators. NIST is planning a visit to INMETRO in January, 2008 to finalize internationally accepted biofuels standards and certifications, and they hope by January of

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2009 to put together a biofuels certification plan. In addition, the working group plans to develop a post-doctoral program with Brazil. Right now, NIST has a program whereby they train 60 scientists per year and keep the top one-third on staff. They would like to assist the GOB in developing a similar program, wherein NIST would host select Brazilian post-doctoral candidates for a year, followed by a year at INMETRO, and then have INMETRO choose the best graduates for its own staff. Separate to this program, two INMETRO staff members will be chosen to be at NIST. The two organizations are trying to identify a similar opportunity for NIST to go to INMETRO for training, especially on biofuels.

18. Heidi Hijikata, Standards Liaison for Commerce's International Trade Administration, discussed a series of three DVCs that they have held with INMETRO on general trade-related standards regulation and assessments and one regarding biofuels. Future collaboration was envisioned for cosmetics, off-road equipment, medical devices, and information and communication technology, incorporating the Associacao Brasileira de Normas Tecnicas/Brazilian Association of Technical Norms (ABNT), the National Association of Manufacturers, and other private sector entities into the discussion.

19. Dr. May's counterpart from Brazil's INMETRO, Dr. Humberto

Brandi, said that from his organization's viewpoint, the Dialogue has been extremely productive, especially on biofuels collaboration, metrology and nanometrology, e.g. the effect of biofuels in steel, iron, and the combustive process.

From Dialogue to Results, with Friendship

¶10. Minister Jorge expressed his pleasure with the working groups' presentations and perspectives, saying that transforming ethanol into a global commodity is truly "part of the heart, mind, and soul of our President," and something very positive. Characterizing the discussion as emotional and emblematic of our two countries' friendship, Jorge reiterated his hope that we can continue to establish fruitful relationships. "I was expecting a lot," he said, "but not as much as I heard today." Gutierrez echoed the sentiments, saying his expectations were exceeded, and that the bilateral progress so far is impressive. Furthermore, he expressed his feeling that there was a real friendship forming between the two countries' groups, bettering each side through the exchange of experiences and information.

¶11. This cable has been cleared with the visiting delegation.

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